GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6687
ANSWERED ON:10.05.2002
FUNCTIONING OF BANKS
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Will the Minister of FINANCE be pleased to state:

(a) the mechanism available with Reserve Bank of India to monitor theday-to-day functioning of banks as per the guidelines issued to them;

(b) whether any discrepancies have been found in the functioning of public sector banks during the last three years; and

(c) if so, the details thereof including the action taken in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): The Reserve Bank of India (RBI) does not monitor day to dayfunctioning of the banks. RBI issues guidelines on credit management, investment management, internal control system, house keeping etc. and monitoring of day to day functioning is the responsibility of Bank`s management.

(b)&(c): RBI has reported that the deficiencies generally observed aredecline in capital to risk weighted assets ratio (CRAR), increase in non- performing assets (NPAs), decline in earnings and deterioration in house keeping area. The deficiencies are taken up with the respective bank for taking corrective action.